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Subject: NSC Discussion Paper: Caribbean Basin Initiative

Attached is a discussion paper on the Caribbean Basin for use at the June 1 NSC Meeting.

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for Executive Secretary

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NSC Discussion Paper

Caribbean Basin Initiative: Implementation Plan

On May 28 the NSC decided to prepare and launch an initiative to stimulate growth in Central America and the Caribbean through additional trade preferences, regional mechanisms to protect and stimulate private investment, and additional official assistance.

The more we are able to get others to join us in launching the initiative, the greater will be the chances of success--and the greater the support in Congress. With this in mind, the appropriate scenario might be:

- June 1. A Task Force, perhaps headed by Ambassador Brock, begins to set initiative. Objective would be to develop firm concepts for submission to Congress and foreign governments, not detailed proposals (latter might be needed only in 1982).
- June 6. Secretary Haig and Ambassador Brock inform Congressional leadership that President will raise possibility of the initiative with Lopez Portillo and with others. We will return for detailed consultations as idea develops and before launching.
- June 8-9. President raises idea with Lopez Portillo, emphasizing that U.S. ideas build on Mexican/Venezuelan oil facility for the Caribbean Basin, the collective nature of the enterprise, and U.S. willingness to adapt to the ideas of others. President would present concept as a contribution to making Cancun a success. The basic message to Lopez Portillo would be: let us emphasize what we have in common in Central America, not what divides us. President proposes a meeting in July to launch idea. But a negative or non-committal reaction from Lopez Portillo should not deter us.
- June 10-20. (A) Consultations with Congressional committees. We would emphasize that U.S. would provide trade and aid benefits only if others do, and only if recipients take measures to encourage domestic

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and foreign-private investment. Scope of eventual preferences would be left imprecise, and we would note the need for safeguards for sensitive industries. (B) Approaches to Canada, Venezuela, Brazil, Argentina and Colombia (by special envoy), Germany, Britain, France, Italy and Japan (through ambassadors). Special envoy to visit Puerto Rican Governor Carlos Barcelo Romero, who knows idea is being developed but needs visible reassurance.